

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6172**

**BILL NUMBER: SB 33**

**NOTE PREPARED:** Feb 7, 2008

**BILL AMENDED:**

**SUBJECT:** State Police Supplemental Benefit.

**FIRST AUTHOR:** Sen. Young R Michael

**FIRST SPONSOR:** Rep. Niezgodski

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill revises the computation for the supplemental benefit provided to members of the State Police Pre-1987 Benefit System to include in the amount paid in the first year the retired member is eligible for the benefit the salary increases paid to active members in the period after the member retired and before the member first qualified for the supplemental benefit.

(The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

**Effective Date:** July 1, 2007 (retroactive).

**Explanation of State Expenditures:** The increase in the unfunded accrued liability is estimated to be \$19.19 M. Since the supplemental benefit is paid on a pay-as-you-go basis, the estimated payouts for the first five years are shown in the table below, although increased payouts will continue well beyond 2012.

Plan Year	Increase in Benefit Payouts
2007-2008	\$776,000
2008-2009	\$829,000
2009-2010	\$890,000
2010-2011	\$987,000
2011-2012	\$1,071,000

The funds affected are the state General Fund (50%) and the Motor Vehicle Highway Account (50%).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Police.

**Local Agencies Affected:**

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for the State Police, 317-576-1508.

**Fiscal Analyst:** James Sperlik, 317-232-9866.

**DEFINITIONS**

Pay-As-You-Go Method, sometimes called current disbursement cost method, is a method of recognizing the costs of a retirement system only as benefits are paid.

Supplemental Benefits - Benefits provided by a pension plan in addition to regular retirement benefits. Supplemental benefits vary according to the terms of a plan and include such items as the payment of benefits in the event of termination, death, disability, or early retirement.

Unfunded Actuarial Liability (sometimes called the unfunded liability) of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.